

<b>Meeting:</b>	NuLeAF Steering Group, 21 January 2014
<b>Agenda Item:</b>	8
<b>Subject:</b>	An update on NDA Strategy and Operations including proposed response to consultation on the NDA Business Plan 2014-17
<b>Author:</b>	Stewart Kemp and Philip Matthews
<b>Purpose:</b>	To provide updates on developments in NDA Strategy and Operations

### **Introduction:**

This report briefly updates on:

- NDA Draft Business Plan 2014-17
- NDA Directors
- NDA Priority Programmes Report
- NDA Theme Overview Groups
- Sellafield related issues
- NDA Stakeholder Engagement

### **Recommendation:**

That the proposed response (to follow) to the invitation to comment on the NDA draft Business Plan 2014-17 be agreed.

### **Contribution to 2013/15 Service Plan:**

The activities described in this report relate to the following Key Tasks:

- *Continue to monitor and advise NDA and NuLeAF membership on IWM Strategy implementation.*
- *Continue to engage NDA TOGs representing the interests of LAs.*
- *Promote engagement between NDA/SLCs and host LAs to ensure site decommissioning and waste planning is consistent with LDPs.*

## 1. **NDA Draft Business Plan 2014-17**

1.1 A draft NuLeAF response to NDA's invitation to comment on its draft Business Plan for 2014-17 will be tabled at the meeting.

## 2. **NDA Directors**

2.1 NDA report two new appointments to its executive team:

"Peter Lutwyche will join the NDA in the newly created position of Sellafield Programme Director. This follows the departure of Chief Operating Officer Mark Lesinski, who is returning to the US after nine years working in the UK nuclear industry. Peter, who lives in west Cumbria, joins the NDA in the New Year from engineering firm Jacobs, where he served most recently as vice president of its UK Operations North unit. Prior to that he held senior management positions in BNFL.

David Vineall has been appointed as the NDA's new HR Director. David joins from global steel giant Tata Steel, and previously worked for BAE Systems for 10 years. He takes up his new post on March 31 next year, replacing outgoing HR Director Jim McLaughlin."

2.2 Sean Balmer, Commercial Director is also to leave as part of a reorganisation of NDA Executive Team by NDA CEO, John Clarke. This follows recent criticism of NDA's oversight of, and PBO performance at, the Sellafield site. Further details are set out in section 5 of this report below.

## 3. **Priority Programme Report**

3.1 In October NDA published a pilot Priority Programmes Report (see: <https://www.nda.gov.uk/documents/upload/Pilot-priority-programme-report-October-2013.pdf>). The report looked at six programmes (four at Sellafield for 'legacy ponds and silos' clean up, and the Dounreay and Magnox optimised decommissioning programmes) and measuring progress against a) the current lifetime plans and b) target costs.

3.2 For Sellafield, NDA identify risks to the completion date and cost estimates for sludge retrievals from the First Generation Magnox Storage Ponds, though assess these risks as manageable. NDA also expect further schedule delays for the 'Silo Direct Encapsulation Plant' project (for grouting and packaging raw wastes) within the Magnox Swarf Storage Silos decommissioning programme. The current project cost is estimated at £1,387m and the completion date is October 2017. Cost overruns are also expected within the 'solid ILW retrievals' project currently costed at £358m.

3.3 These cost escalations will be additional to those reported in NDA's 2012/13 Annual Report and Accounts (ARAC) published last June. These accounts showed estate wide discounted decommissioning costs had risen to

a potential range from £54.6bn to £63.8bn (depending on the future Treasury discount rates applied). This compared with £53bn (as reported in the 2011/12 ARAC) and £49bn (reported in the 2010/11 ARAC). Virtually all the increased liabilities are associated with Sellafield projects. See: <http://www.nda.gov.uk/news/arac-2011-2012.cfm> .

#### 4. NDA Theme Overview Groups

4.1 NDA convenes four Theme Overview Groups (TOGs) to facilitate NDA strategy implementation. NuLeAF has representation on three of these groups covering Site Restoration (SR), Integrated Waste Management (IWM), and Critical Enablers (CE). NuLeAF's request for representation on the Nuclear Materials and Spent Nuclear Fuels TOG was declined, because of the security sensitive nature of some of the Group's discussions.

4.2 NuLeAF officers attended a meeting of the NDA's SR TOG on 10 December 2013 and an officer from Cumbria County Council attended the IWM TOG on 12 December 2013. Minutes of the first CE TOG meeting on 23 October, that NuLeAF could not attend because of the Steering Group and AGM that day, have now been received. Following attendance at these meetings, and receipt of minutes, the following matters are highlighted.

4.3 CE TOG 23 October 2013 discussed:

- NDA contracting, incentivisation, competition and supply chain development which are all considered 'largely mature'.
- ND socio-economic strategy and Public and Stakeholder Engagement which are also considered 'mature'. The latter is minuted as following: "...a business led approach to stakeholder engagement and public consultations are tried and tested." This view was challenged at the meeting and the minutes subsequently note that "...NDA needs to improve in this arena especially as we are moving towards development of Strategy III."
- Funding, Asset Management and Transportation, which are also considered 'mature' though several initiatives are in hand regarding transportation to use assets more effectively.
- NDA research and development which is being held over until the next CE TOG meeting (date TBC).

4.4 SR TOG 10 December 2013 discussed:

- 'Care and Maintenance' strategy at Magnox sites. In the specification for the incoming PBO for Magnox and RSRL sites there is a requirement to review the C&M strategy within the first 2 years and decide whether to keep to the current strategy or change it. As reported at the September

2013 SR TOG, early dismantling of radioactively contaminated structures at Bradwell would not result in more radioactive wastes though may mean more remote handling. However, remote handling would not impact on the cost/benefit analysis. When 'Bradwell parameters' were applied across the Magnox fleet optimal dismantling dates emerged after 'quiescence' periods ranging from 32 to 67 years, rather than the current fixed assumption of 85 years. NDA recognise that care would be needed extrapolating from Bradwell data to the whole fleet, but intended to produce a Gate '0' paper about this in 2014.

- NDA Strategy III work which will begin in April this year. This will include a stakeholder engagement plan and substantive engagement from the last quarter of FY2014/15 onwards. NDA say Strategy III will be more than a 'tweak' to Strategy II. NDA recognise that where there is need for change then this must be explained.
- A first draft site restoration work plan. This needs to be ready by the end of FY 2014/15 to inform Strategy III. As yet SR TOG has not engaged stakeholders on site work plans.
- Production of a 'practitioner guidance' on optimisation of site interim and end states. This will capture learning from Dounreay and should help sites understand when 'interim' becomes an 'end' state.
- Publication of a Gate A (credible options) paper about 'in situ' disposal of structures by the end of FY2014/15.
- A delay in publication of NDA's approach to management of non-commercial assets. Target date for publication is now end of 2014.
- A plan to publish by the end of 2014 a 'pace and priority' strategy for Sellafield leading to optimised decommissioning strategy publication by October 2016. This work informs decisions about the next generation of plant that will be needed on the Sellafield site to progress decommissioning. This needs to be decided within next 2 years. The new strategy will make the case for 'broad front' decommissioning with better 'aggregated rates of risk reduction' (by tackling earlier some of the easier 'quick wins'). The plan will recognise the need for retention at the Sellafield site.
- Treasury discount rates. The meeting received a presentation by DECC on Treasury discounting rates which broadly speaking is currently applied at around 3.5% per year but varies according to a number of factors including timescale.
- A Site Road Maps update from NDA's contractor – Arup. Hard copies of slides were handed out and electronic copies for circulation have been requested. Work is still at early stage with data gathering about to begin. Road maps for each site will show key activities, decisions, milestones, and nuclear liability. A sample 'intensity' chart for Sellafield was displayed

showing site spend, and allocation of future spend gradually falling away to about 2125.

4.5 IWM TOG 12 December 2013 received updates on:

- RWMD work around 'up stream optioneering' – looking at ongoing opportunities to prevent waste generation and minimise volumes for eventual disposal to a GDF. This included use of encapsulates for wastes and decay storage for wastes at the boundary of ILW and LLW.
- The pending announcement by MoD on shortlisted sites for storage of radioactive wastes from the Submarine Disposal Programme. Five sites are expected to be announced (2 x NDA, 2 x MoD, and 1 x private).
- The work plan for the IWM TOG. (Previously a first draft 'road map' had been flagged for publication at the end of the current financial year.)
- The UK Radioactive Waste Inventory 2013 which updates the UKRWI 2010 and is expected to be published imminently.
- NDA/Magnox colocation proposals (see separate report at Item 6 on the Steering Group's agenda)

Cumbria County Council officer, Richard Griffin, attended this meeting and can comment further if required.

## 5. **Sellafield Issues**

5.1 In November 2013 Sellafield Ltd published *'Key to Britain's energy future: The Strategy for Sellafield'*. The document sets out the vision, mission and strategic objectives for Sellafield Ltd. Ten objectives are identified as follows:

- Strategic Objective 1: "To achieve the highest appropriate standards in environmental performance, health of our employees, safety, security, safeguarding of nuclear material and quality of operations."
- Strategic Objective 2: "To invest intelligently in infrastructure to ensure security and operational resilience." This includes legacy ponds and silos hazard reduction and response to Fukushima.
- Strategic Objective 3: "To ensure our stakeholders, especially our workforce and communities, understand and support what we do and how we do it." This is aligned with NDA's objective: "To build and maintain the support, confidence and trust of the public and stakeholders" and includes effective communications, employee and union engagement.
- Strategic Objective 4: "To accelerate risk and hazard reduction." Again, refers to decommissioning legacy ponds and silos (though note the NDA Priority Programmes assessment reported above).

- Strategic Objective 5: "To complete timely reprocessing and provide ongoing services to the nuclear industry." This includes "By the end of 2019, all reprocessing operations will have come to an end at Sellafield." Though post operational clean out (POCO) will "...will require a skilled nuclear workforce for many years to come."
- Strategic Objective 6: "To deliver our major projects through programme and project excellence." Again, note NDA's assessment of priority programmes above. This objective also refers to focusing on the supply chain.
- Strategic Objective 7: "To be open and transparent about our performance and drive recognition of our success to ensure we are the workforce of choice for current and future missions." The report continues: "By openly sharing information with our internal and external stakeholders on our plans, progress and improvement plans, we will continue to create an environment of trust and two-way dialogue." This aligns with NDA's objective: "To build and maintain the support, confidence and trust of the public and stakeholders." The report cites Sellafield's performance plan 2011 as an example of openness, transparency and accountability. Scrutiny via the West Cumbria Sites Stakeholder Group is also cited.
- Strategic Objective 8: "To invest in our people and make best use of supply chain partners; having the right people, with the right skills in place at the right time."
- Strategic Objective 9: "To provide our communities and taxpayers with a socio-economic and growth return on their investment at Sellafield." The report says: "We will continue to invest the £3m that the NDA gives to us every year for socio-economic investment" in: the supply chain working group; Britain's Energy Coast; and, "Working with the small and medium sized enterprises (SMEs) in our supply chain (which) provides a way of boosting local economies by ensuring that locally based firms benefit from big infrastructure and construction projects."
- Strategic Objective 10: "To drive taxpayer value for money."

5.2 None of the objectives guarantee 'new missions' for Sellafield though the report recognises potential for future: "...plutonium recycling and management; support for Ministry of Defence decommissioning; services to the nuclear industry; partnering with academia, Small to Medium sized Enterprises (SMEs) and the National Nuclear Laboratory; technology demonstrators; access to Sellafield Ltd knowledge; new UK skills growth; strategic partners in different segments of industry; divisionalised more autonomous decision making, and; developing the opportunity to extend our customer base."

5.3 Perhaps surprisingly nothing is said about the potential for future centralised spent nuclear fuel storage and waste materials encapsulation for GDF disposal.

5.4 As agreed at the last Steering Group meeting, officers have approached Sellafield Ltd to invite a representative to make a presentation to the next meeting in April. A verbal update will be provided to the Steering Group.

5.6 In November a leaked redacted copy of an audit commissioned by NDA from the accountant's KPMG, suggested poor performance in a number of areas by the Sellafield site PBO, Nuclear Management Partners (NMP). Release of the report prompted a further examination by the Parliamentary Public Accounts Committee of NDA's oversight of NMP, and drew an apology from NMP Chairman, Tom Zarges, for his consortium's failings. The KPMG audit findings include:

- Though minimum performance standards in the first 5 years of the PBO contract at Sellafield were largely achieved, 17% of operating targets were not achieved.
- "In aggregate, general project performance has not met Performance Plan 11 targets."
- "Decommissioning of legacy ponds and silos is a long term activity, which does not align with the underlying PBO model requirement for short to medium length contractual terms."
- "As at 31 May 2013, Sellafield Ltd does not appear to have benefited from injection of strong leadership through PBO constructs, with high turn-over of Sellafield Ltd Executive secondees and a predominately reactive response to issues."
- "...Sellafield Ltd and NMP does not appear to be effectively unified. In particular, reporting mechanisms do not appear to led to timely escalation of issues...".
- "Performance to date indicates that parties in the PBO are not aligned in their objectives, with fractures evident in many relationships due to complexity, competing priorities and contractual tensions."
- "Current fee mechanisms incentivise in year activity in preference to the longer term actions required to deliver capability improvement and project progress."
- "Appetite to absorb risk...is very limited."
- "Stakeholders recognise some progress has been made but are dissatisfied at the level of constructive leadership and commitment to the performance plan."

5.7 The KPMG report can be found at:  
<http://www.nda.gov.uk/news/kpmg-report-on-sellafield-performance.cfm>

5.8 In November 2013 the Office for Nuclear Regulation published the 'Chief Nuclear Inspector's Annual Report 2013' (see: <http://www.hse.gov.uk/nuclear/documents/cni-annual-report-2013.pdf> ). Top of ONR's regulatory priorities remains the "The reduction of risk and hazard in the legacy ponds and silos at Sellafield."

## 6. **NDA Stakeholder Engagement**

6.1 NuLeAF attendance at the NDA National Event over 21-22 October 2013 was verbally reported to the last Steering Group meeting. The full NDA record of the meeting is now available at: <http://www.nda.gov.uk/documents/upload/National-Event-Meeting-Report-October-2013.pdf> .

6.2 NDA has accepted a short article from the NuLeAF Chair for publication in the next edition of NDA INSIGHT magazine. The text of the article is at Annex A.

6.3 Usually around this time of year NDA conduct their annual Stakeholder Survey but last year NuLeAF raised a number of concerns about the way NDA approached this survey and the way NDA interpreted survey results. Last year's NuLeAF submission can be viewed at [Annex 2](#) of the report on NDA Strategy and Operations to the Steering Group in February 2013.

6.4 Following an enquiry to NDA about the timing of this year's Stakeholder Survey NuLeAF was advised that it was being 'overhauled' and NuLeAF comments on how the Survey might be improved were invited. This work is in hand and NuLeAF comments are being prepared. Any views from Steering Group members about their experience of past NDA Stakeholder Surveys would be very helpful.

**REVISED DRAFT TEXT FOR NDA's 'INSIGHT' MAGAZINE**

Title: NuLeAF: Advising NDA for Over 10 years

By Richard Smith, MVO<sup>i</sup>

The Nuclear Legacy Advisory Forum (NuLeAF) was formed in 2003 as a Special Interest Group of the Local Government Association for England and Wales. At the time Government was legislating for the creation of the NDA and tasking its newly formed Committee on Radioactive Waste Management to consult widely and make recommendations for a new policy for the future management of higher activity wastes. Both these developments were recognised at the time by local government as potentially having significant implications for areas hosting nuclear sites and for areas further afield.

NuLeAF's inauguration was quickly mirrored in Scotland with the creation of the Scottish Councils Committee on Radioactive Substances (SCCORS) under the auspices of the Convention of Scottish Local Authorities. Both groups now provided advice and support on behalf of their local government members to NDA in the implementation of its Strategy for nuclear decommissioning and clean up.

Over 100 local authorities and 3 National Park Authorities support NuLeAF's work which is directed at an agreed overall aim, namely: 'That policy, strategy and practice for all nuclear waste and legacy issues has the interests of local authorities as a central concern, leading to the best possible outcomes for the communities they serve.'<sup>ii</sup>

To give effect to this aim, last October's NuLeAF annual meeting agreed a work programme for the year ahead which includes the following priorities:

- advising on the development of a new siting process for a Geological Disposal Facility (GDF) for higher activity radioactive wastes;
- engaging with the Nuclear Decommissioning Authority (NDA) and Site Licence Companies to help shape the delivery of the national decommissioning mission, and feeding back developments in waste policy to NuLeAF members;
- contributing to ongoing work on Low Level Waste (LLW) policy and implementation, representing the concerns of local authorities, helping to shape a clear and coherent approach that meets local needs, and assist local authorities and operators to comply with developments in the national framework for LLW management and the planning process;
- working with Government, the NDA and others to develop a clear and consistent approach to community benefits for those areas affected by waste and legacy management issues.

This work is only possible with the ongoing financial support of NDA. However, both NuLeAF and NDA recognise that such support must be 'without strings'. NuLeAF's credibility within local government depends on it, and if NDA is to hear and understand the authentic voice of one of its key stakeholder groups, then NuLeAF must continue to speak freely and constructively.

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<sup>i</sup> Councillor Richard Smith Chairs the Nuclear Legacy Advisory Forum. He is a Cabinet Member for Economic Development, Environment and Planning at Suffolk County Council and former Chair of the Sizewell A&B Sites Stakeholder Group.

<sup>ii</sup> See: [http://www.nuleaf.org.uk/nuleaf/documents/Nuleaf\\_service\\_plan\\_2013-15\\_FINAL.pdf](http://www.nuleaf.org.uk/nuleaf/documents/Nuleaf_service_plan_2013-15_FINAL.pdf)